

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the goal is that the cost of expenses, including both operations and capital, are financed or recovered primarily through user related charges. Capital purchases are not budgeted as expenses; in accordance with Generally Accepted Accounting Principles, they are depreciated over the useful life of the asset. Individual operations which the City of Annapolis has designated as Enterprise Funds include the Water, Sewer, Off Street Parking, Dock, Market, Transportation, Stormwater Management and Refuse Funds.

The City's goal is for enterprise funds to establish rates which provide for self-sufficiency.

Enterprise Funds

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Water Fund

The Water Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's water supply and treatment facility and water distribution system. The fund's primary source of revenue is from user charges levied on water customers. Another primary source of revenue is the capital facility assessment; this is the fee charged to customers for maintenance of the City's water system. It is billed to the property owner over a period of thirty years and is used solely for water system improvements.

The Water Fund consists of two divisions: Water Supply and Treatment Facility and Water Distribution. The Water Supply and Treatment Facility is responsible for the production, treatment, testing, storage, and initial distribution of all potable water for customers of the City. The Water Distribution division is responsible for meter reading and operating, maintaining and repairing the City's 125 mile water distribution system, including service lines, water meters and fire hydrants.

<i>Water Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Water Charges	\$3,119,440	\$3,640,000	\$3,680,000	1.10%
Rents and Concessions	6,700	33,600	34,000	1.19%
Adjustment for Non-Operating Revenue	(75,760)	(355,040)	(271,110)	-23.64%
Capital Facilities	351,630	480,000	480,000	0.00%
Other	78,930	0	0	N/A
Total Revenues	\$3,480,940	\$3,798,560	\$3,922,890	3.27%

<i>Water Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$1,473,810	\$1,484,010	\$1,516,100	2.16%
Other Operating Expenses	922,260	885,910	935,910	5.64%
Debt Service	732,310	671,840	723,810	7.74%
Internal Administrative Accounts	217,960	756,800	747,070	-1.29%
Capital Outlays	25,700	0	0	N/A
Subsidies & Transfer to CIP	612,350	0	0	N/A
Total Expenses	\$3,984,390	\$3,798,560	\$3,922,890	3.27%

Enterprise Funds

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Sewer Fund

The Sewer Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's sewage collection and treatment program. The fund's primary source of revenue is from user charges levied on sewer system customers. Another primary source of revenue is the capital facility assessment; this is the fee charged to customers for maintenance of the City's sewer system. It is billed to the property owner over a period of thirty years and is used solely for sewage conveyance system improvements.

The Sewer Fund consists of two divisions: Annapolis Water Reclamation Facility and Wastewater Collection. The Annapolis Water Reclamation Facility accounts for the City's share of operating expenses for the treatment of all wastewater generated by City customers and certain Anne Arundel County customers at the Annapolis Wastewater Treatment Plant, which is owned jointly by Annapolis and Anne Arundel County. The Wastewater Collection division is responsible for operating, maintaining and repairing the City's 125 mile sewage conveyance system, including twenty-four pumping stations.

<i>Sewer Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Sewer Charges	\$4,539,790	\$4,950,000	\$4,950,000	0.00%
Adjustment for Non-Operating Revenue	(97,020)	(303,880)	(538,370)	77.17%
Capital Facilities	458,250	374,600	580,000	54.83%
Other	168,320	0	70,000	N/A
Total Revenues	\$5,069,340	\$5,020,720	\$5,061,630	0.81%

<i>Sewer Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$559,100	\$602,510	\$626,550	3.99%
Contract Services	2,757,960	2,590,990	2,690,990	3.86%
Other Operating Expenses	464,050	463,450	458,220	-1.13%
Debt Service	775,100	733,740	737,300	0.49%
Internal Administrative Accounts	(259,970)	590,030	548,570	-7.03%
Capital Outlays	0	40,000	0	-100.00%
Subsidies & Transfer to CIP	614,350	0	0	N/A
Total Expenses	\$4,910,590	\$5,020,720	\$5,061,630	0.81%

Enterprise Funds

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Off Street parking Fund

The Off Street Parking Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's Municipal Off Street Parking facilities. These parking facilities include three parking garages (Hillman Garage, Gott's Court Garage and Knighton Garage) and two parking lots (Larkin and South Street). This fund is totally self-supporting, producing an annual surplus. The fund's primary source of revenue is from parking fees generated by the parking garages. Together, Hillman Garage, Gott's Court Garage and Knighton Garage parking fees account for 100% of the fund's revenue.

The City maintains a contractual agreement with a parking management company for the day-to-day operations of all parking facilities; 50% of total costs are for professional services as opposed to personnel costs.

<i>Off Street Parking Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Off Street Parking Charges	\$1,950,280	\$2,050,000	\$2,575,000	25.61%
Interest Earnings	58,910	0	0	N/A
Adjustment for Non-Operating Revenue	0	72,800	0	-100.00%
Total Revenues	\$2,009,190	\$2,122,800	\$2,575,000	21.30%

<i>Off Street Parking Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Contract Services	\$577,430	\$555,000	\$1,048,550	88.93%
Other Operating Expenses	84,390	111,870	141,320	26.33%
Debt Service	1,002,380	1,168,850	1,052,360	-9.97%
Internal Administrative Accounts	(407,500)	(398,310)	(137,470)	-65.49%
Subsidies & Transfer to CIP	0	0	0	N/A
Total Expenses	\$1,256,700	\$1,437,410	\$2,104,760	46.43%

Enterprise Funds

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Dock Fund

The Dock Fund is an enterprise fund used to account for all financial activity associated with the management and control of the City's waterways, including slips and mooring buoys, showers and restrooms for boaters, sewage pump-out facilities for boaters, and maintenance of the City Dock area. This fund is totally self-supporting, generating an annual surplus. The Dock Fund's primary source of revenue is from slip charges. These are fees charged for mooring at a City Dock boat slip, based on the number of hours that the boat stays in the slip.

<i>Dock Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
State Operating Grants	\$115,420	\$75,000	\$75,000	0.00%
Dock Charges	886,800	851,500	890,000	4.52%
Total Revenues	\$1,002,220	\$926,500	\$965,000	4.16%

<i>Dock Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$292,360	\$311,620	\$318,750	2.29%
Other Operating Expenses	188,010	141,660	141,660	0.00%
Debt Service	94,230	91,720	71,750	-21.77%
Internal Administrative Accounts	146,190	84,180	123,210	46.36%
Total Expenses	\$720,790	\$629,180	\$655,370	4.16%

Enterprise Funds

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Market House Fund

The Market House Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's Market House, an enclosed pavilion housing vendors who sell a wide variety of carry-out, affordable foods and beverages. This fund is totally self-supporting. The fund's revenue is from rent paid by the vendors. Primary expenses are electricity and repairs and maintenance.

<i>Market Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Market Charges	\$106,230	\$105,000	\$75,000	-28.57%
Adjustment for Non-Operating Revenue	0	(3,000)	0	-100.00%
Total Revenues	\$106,230	\$102,000	\$75,000	-26.47%

<i>Market Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$14,950	\$15,000	\$0	-100.00%
Other Operating	57,250	60,230	42,060	-30.17%
Debt Service	4,650	4,460	3,340	-25.11%
Internal Administrative Accounts	24,240	22,310	25,420	13.94%
Total Expenses	\$101,090	\$102,000	\$70,820	-30.57%

Enterprise Funds

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Transportation Fund

The Transportation Fund is an enterprise fund used to account for all financial activity associated with the operation and maintenance of the City's public transportation system. This fund usually operates at a significant deficit which is offset by subsidies from other funds. The fund's primary source of revenue is from transit charges. Federal and State Grants also account for a large portion of revenues.

The Transportation Fund consists of three divisions: Administration, Transit Operations, and Maintenance. The Administration division is responsible for operational planning and service management, grants management, and taxi and pedicab licensing and regulation. The Transit Operations division is responsible for operating an effective and efficient public transit system in accordance with all state and federal regulations. The Maintenance division is responsible for the repair and maintenance of all service and support vehicles, facilities and equipment.

<i>Transportation Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Federal Operating and Capital Grants	\$417,870	\$1,481,000	\$1,480,000	-0.07%
State Operating and Capital Grants	1,798,680	669,000	870,000	30.04%
County Operating and Capital Grants	52,100	0	0	N/A
Transportation Charges	785,110	790,000	850,000	7.59%
Capital Contributions	202,700	200,000	200,000	0.00%
Other	172,250	10,000	10,000	0.00%
Total Revenues	\$3,428,710	\$3,150,000	\$3,410,000	8.25%

<i>Transportation Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$2,696,900	\$2,669,530	\$2,826,880	5.89%
Other Operating Expenses	910,990	458,880	482,450	5.14%
Debt Service	22,240	22,060	18,500	-16.14%
Internal Administrative Accounts	471,520	722,560	868,710	20.23%
Capital Outlays	67,800	15,000	15,000	0.00%
Total Expenses	\$4,169,450	\$3,888,030	\$4,211,540	8.32%

Enterprise Funds

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Stormwater Management Fund

The Stormwater Management Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's storm water facilities. This fund is totally self-supporting. The fund's primary source of revenue is a utility charge levied on water customers. Revenues generated directly support the Storm Water Utility. Additional work such as upgrading of existing storm drain systems, development of drainage basin studies, water quality improvements, administrative costs and construction of major Capital Improvements are required under the Clean Water Act.

<i>Stormwater Management Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Stormwater Charges	\$194,600	\$409,000	\$390,000	-4.65%
Adjustment for Non-Operating Revenue	\$0	(\$168,380)	(\$106,090)	-36.99%
Total Revenues	\$194,600	\$240,620	\$283,910	17.99%

<i>Stormwater Management Fund Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$111,270	\$147,520	\$160,420	8.74%
Other Operating Expenses	29,840	89,000	99,000	11.24%
Internal Administrative Accounts	(50)	4,100	24,490	497.32%
Total Expenses	\$141,060	\$240,620	\$283,910	17.99%

Enterprise Funds

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Refuse Fund

The Refuse Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's residential refuse, yard waste, recycling, and bulk disposal systems. This fund is self supporting, through refuse charges paid by residential customers. The Fund's primary expense, aside from personnel costs, is the landfill tipping fee paid to the County for the disposal of residential and bulk refuse. Another significant expense is the contract service cost incurred for curbside recycling.

The Refuse Fund consists of three divisions: Residential Refuse, Yard Waste Recycling and Curbside Recycling. The Residential Refuse division is responsible for the collection and transportation of solid waste from participating residential households to a disposal site. Residential refuse pickup is twice per week. The Yard Waste Recycling division is responsible for the bi-weekly collection of yard waste from participating residential households. Collected yard waste is ground into mulch which is available to the public free of charge. The Curbside Recycling division is responsible for the curbside collection from participating residential households of bottles, cans, plastic and newspapers, cardboard, and mixed paper (junk mail, advertisements, magazines, etc.), and the hiring of the contractor to perform these services.

<i>Refuse Fund Revenues</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Refuse Collection Charges - Residential	\$2,405,920	\$2,410,000	\$2,440,000	1.24%
Total Revenues	\$2,405,920	\$2,410,000	\$2,440,000	1.24%

<i>Refuse Expenses</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Personnel	\$923,040	\$1,027,040	\$1,053,430	2.57%
Contract Services	309,330	308,750	809,750	162.27%
Other Operating Expenses	538,070	506,330	125,330	-75.25%
Internal Administrative Accounts	979,770	812,560	813,350	0.10%
Total Expenses	\$2,750,210	\$2,654,680	\$2,801,860	5.54%

Debt Service Fund

Debt Service Principal and Interest Payments:

The tables below list the principal and interest payments for General Obligation Bonds and Loans for fiscal years 2004, 2005, and 2006.

<i>General Obligation Bonds</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Principal	\$3,635,000	\$3,635,000	\$3,475,000	-4.40%
Interest	1,549,260	1,587,300	1,454,100	-8.39%
Total General Obligation Bonds	\$5,184,260	\$5,222,300	\$4,929,100	-5.61%

Loans

Principal	\$80,890	\$234,880	\$79,570	-66.12%
Interest	33,820	32,490	29,990	-7.69%
Total Loans	\$114,710	\$267,370	\$109,560	-59.02%

<i>Debt Service Summary</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>	<i>Percent Change</i>
Total Principal	\$3,715,890	\$3,689,880	\$3,554,570	-3.67%
Total Interest	1,583,080	1,619,790	1,484,090	-8.38%
Total Debt Service	\$5,298,970	\$5,309,670	\$5,038,660	-5.10%

Debt Service Fund

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Debt Service Requirements to Maturity

General Obligation Bonds

Fiscal Years 2006 - 2022

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2006	3,475,000	1,454,100	4,929,100
2007	3,710,000	1,292,810	5,002,810
2008	3,355,000	1,167,350	4,522,350
2009	3,425,000	1,023,270	4,448,270
2010	3,035,000	910,600	3,945,600
2011	3,100,000	794,060	3,894,060
2012	3,170,000	674,560	3,844,560
2013	2,720,000	560,460	3,280,460
2014	2,765,000	459,040	3,224,040
2015	2,535,000	355,450	2,890,450
2016	1,940,000	255,410	2,195,410
2017	1,970,000	168,360	2,138,360
2018	2,000,000	77,780	2,077,780
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	0
Total	\$37,200,000	\$9,193,250	\$46,393,250

**Comparison of Full Time Equivalent Positions by Fund
FY 2004 to FY 2006**

The following tables summarize the changes in permanent positions from FY 2004 to FY 2006 for all funds.

<i>Permanent Positions by Fund</i>	<i>FTE</i>		
	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>
General	427	428	433
Water	23	23	23
Sewer	10	7	7
Off Street Parking	0	0	0
Dock	3	3	3
Market	0	0	0
Transportation	47	47	49
Stormwater Management	0	3	3
Refuse	22	22	22
Grand Total	532	533	540

Comparison of Full Time Equivalent Positions by Department FY 2004 to FY 2006

The following tables summarize the changes in permanent positions from FY 2004 to FY 2006 for all departments.

<i>Permanent Positions by Department</i>	<i>FTE</i>		
	<i>FY 2004 Actual</i>	<i>FY 2005 Estimated</i>	<i>FY 2006 Proposed</i>
Mayor and Aldermen	14	14	14
Finance	27	27	24
Human Resources	7	7	7
Planning and Zoning	15	15	15
Central Services	5	5	5
Police	169	170	173
Fire	103	103	108
Neighborhood & Environ. Programs	20	20	20
Public Works	105	105	105
Recreation and Parks	20	20	20
Transportation	47	47	49
Grand Total	532	533	540

Summary of Position Changes FY 2005 to FY 2006

The following tables detail the changes in permanent positions from FY 2005 to FY 2006 for all departments.

<i>Permanent Positions by Department</i>	<i>FY 2005 Positions</i>	<i>Additions</i>	<i>Deletions</i>	<i>FY 2006 Positions</i>
Mayor and Aldermen	14	0	0	14
Finance	27	0	3	24
Human Resources	7	0	0	7
Planning and Zoning	15	0	0	15
Central Services	5	0	0	5
Police	170	3	0	173
Fire	103	5	0	108
Neighborhood & Environ. Programs	20	0	0	20
Public Works	105	0	0	105
Recreation and Parks	20	0	0	20
Transportation	47	2	0	49
Grand Total	533	10	3	540